

U.S. Department of Labor

Employment Standards Administration
Office of Labor-Management Standards
Seattle District Office
1111 Third Avenue
Room 605
Seattle, WA 98101
(206) 398-8099 Fax:(206) 398-8090



April 16, 2007

Mr. Danny Daniels, Business Manager/Financial Secretary
Electrical Workers Local 984
1305 Knight Street
P.O. Box 702
Richland, WA 99352

LM File Number: 052-720

Case Number: [REDACTED]

Dear Mr. Daniels:

This office has recently completed an audit of Electrical Workers Local 984 under the Compliance Audit Program (CAP) to determine your organization's compliance with the provisions of the Labor-Management Reporting and Disclosure Act of 1959 (LMRDA). As discussed during the exit interview with you and Office Manager [REDACTED] on April 5, 2007, the following problems were disclosed during the CAP. The matters listed below are not an exhaustive list of all possible problem areas since the audit conducted was limited in scope.

Recordkeeping Violations

Title II of the LMRDA establishes certain reporting and recordkeeping requirements. Section 206 requires, among other things, that adequate records be maintained for at least 5 years by which each receipt and disbursement of funds, as well as all account balances, can be verified, explained, and clarified. As a general rule, all records used or received in the course of union business must be retained. This includes, in the case of disbursements, not only the retention of original bills, invoices, receipts, and vouchers, but also adequate additional documentation, if necessary, showing the nature of the union business requiring the disbursement, the goods or services received, and the identity of the recipient(s) of the goods or services. In most instances, this documentation requirement can be satisfied with a sufficiently descriptive expense receipt or invoice. If an expense receipt is not sufficiently descriptive, a note can be written on it providing the additional information. An exception may be made only in those cases where 1) other equally descriptive documentation has been maintained, and 2) there is evidence of actual oversight and control over disbursements.

In the case of receipts, the date, amount, purpose, and source of all money received by the union must be recorded in at least one union record. Bank records must also be retained for all accounts.

The audit of Local 984's 2005 records revealed the following recordkeeping violations:

1. Union officers failed to retain all vouchers for lost time and failed to record the date and/or purpose of some lost wage claims. Records must be maintained that identify each date hours were lost, the number of hours lost, the rate of pay, and the specific union purpose for all lost wages.
2. Local 984 failed to maintain any union record for the money in, and interest earned by, the union's savings account. All receipts need to be documented in the union's books and should include the source of the receipt, the date received, the amount received, and the purpose.

As agreed, provided that Local 984 maintains adequate documentation as discussed above in the future, no additional enforcement action will be taken regarding these violations.

Reporting Violations

The CAP disclosed a violation of LMRDA Section 201(b), which requires labor organizations to file annual financial reports accurately disclosing their financial condition and operations. The Labor Organization Annual Report (Form LM-2) filed by Local 984 for fiscal year ending December 31, 2005, was deficient in the following areas:

1. Local 984 failed to report each person that held office during 2005 in Schedule 11 (All Officers and Disbursements to Officers). Every person that held an officer position during the fiscal year needs to be reported in Schedule 11, including those that left office during the fiscal year.
2. Local 984 failed to include reimbursements to officers and employees in Schedule 11 (All Officers and Disbursements to Officers) and Schedule 12 (Disbursements to Employees). Local 984 also failed to include other disbursements for official business, such as per diem and mileage, in Schedules 11 and 12. Such payments appear to have been erroneously reported in Schedules 15 through 19.

Direct disbursements to officers and employees for reimbursement of expenses incurred while conducting union business must be reported in Column F of Schedules 11 and 12 (Disbursements for Official Business). In addition, indirect disbursements made to another party (such as a credit card company) for business expenses incurred by union personnel must also be reported in Column

F of Schedules 11 and 12. However, indirect disbursements for business expenses incurred for transportation by public carrier (such as an airline) and for temporary lodging expenses incurred while traveling on union business must be reported in Schedules 15 through 19. Any direct or indirect disbursements to union personnel for expenses not necessary for conducting union business must be reported in Column G (Other Disbursements) of Schedules 11 and 12.

3. Local 984 failed to report all sales and purchases of investments in Schedule 3 (Sale of Investments and Fixed Assets) and Schedule 4 (Purchase of Investments and Fixed Assets). All sales or redemption of U.S. Treasury securities, marketable securities, other investments, and fixed assets, including those fixed assets that were expensed during the reporting period, must be reported in Schedule 3 (Sale of Investments and Fixed Assets). All purchases of U.S. Treasury securities, marketable securities, other investments, and fixed assets, including those fixed assets that were expensed during the reporting period, must be reported in Schedule 4 (Purchase of Investments and Fixed Assets).
4. Local 984 incorrectly reported its dues income in Item 36 (Dues and Agency Fees). The dues income reported should include all the dues received by the union during the course of the fiscal year, including dues received directly by the organization from members and dues received from employers through a checkoff arrangement.
5. Local 984 erroneously reported its "other receipts" as zero in Schedule 14 (Other Receipts). Any receipts received, other than those that must be reported elsewhere in Statement B, should be reported in Schedule 14, including refunds and rebates received by the union.
6. Local 984 failed to report the interest earned from its checking and savings accounts in Item 40 (Interest).
7. Local 984 failed to report all contributions, gifts, and grants disbursed in Schedule 17 (Contributions, Gifts, and Grants). Report in Schedule 17 all direct and indirect disbursements to all entities and individuals during the reporting period associated with contributions, gifts, and grants, other than those listed on Schedules 15 (Representational Activities), 16 (Political Activities and Lobbying), and 20 (Benefits).
8. Local 984 failed to record its disbursements for general overhead in Schedule 18 (General Overhead). Instead, these items appear to have been reported in Schedule 19 (Union Administration). Report in Schedule 18 all direct and indirect disbursements to all entities and individuals during the reporting period

associated with general overhead that cannot be allocated to any of the other disbursement categories in Statement B.

Local 984 must file an amended Form LM-2 for fiscal year ending December 31, 2005, to correct the deficient items discussed above. I explained to you the filing procedures and the availability of the filing software on the OLMS website (www.olms.dol.gov). The amended Form LM-2 must be electronically filed as soon as possible, but not later than April 27, 2007. Before filing, review the report thoroughly to be sure it is complete and accurate, and properly signed with electronic signatures.

The CAP disclosed a violation of LMRDA Section 201(a) which requires that a union submit a copy of its revised constitution and bylaws with its LM report when constitution or bylaw changes are made. Local 984 amended its constitution and bylaws in 2003, but a copy was not filed with its LM report for that year. A copy of Local 984's constitution and bylaws has now been filed.

I want to extend my personal appreciation to Electrical Workers Local 984 for the cooperation and courtesy extended during this compliance audit. I strongly recommend that you make sure this letter and the compliance assistance materials provided to you are passed on to future officers. If we can provide any additional assistance, please do not hesitate to call.

Sincerely,


Investigator

cc: Terry Cherney, President